



Golden Gate Bridge, San Francisco

Profile

California's State Board of Equalization collects taxes and fees that provide nearly 36 percent of the annual revenue for state government and essential funding for counties, cities, and special districts. In fiscal year 2003-04, Board-administered taxes and fees produced \$44.46 billion for education, public safety, transportation, housing, health services, social services, and natural resource management.

The Board administers and hears appeals for the state's sales and use, fuel, alcohol, tobacco, and other taxes and collects fees that fund specific state programs. More than one million businesses are registered with the agency.

In addition to administering key revenue programs, the Board plays a significant role in California property tax assessment and administration. It also acts as the appellate body for franchise and personal income tax appeals.

Tax and Fee Programs, 2003-04

Sales and Use Tax Programs

Sales and Use Tax
Bradley-Burns Uniform Local Sales and Use Tax
District Transactions (Sales) and Use Tax

Special Tax and Fee Programs

Excise Taxes

Alcoholic Beverage Tax
California Tire Fee
Cigarette and Tobacco Products Tax
Cigarette and Tobacco Products Licensing Program
Emergency Telephone Users Surcharge
Energy Resources Surcharge
Insurance Tax
Integrated Waste Management Fee
Natural Gas Surcharge
Water Rights Fee

Fuel Taxes

Childhood Lead Poisoning Prevention Fee
 Diesel Fuel Tax
 Interstate User Tax
 Motor Vehicle Fuel Tax
 Oil Spill Response, Prevention, and Administration Fees
 Underground Storage Tank Maintenance Fee
 Use Fuel Tax

Environmental Fees

Hazardous Substances Tax
 Marine Invasive Species Fee (formerly Ballast Water Management Fee)
 Occupational Lead Poisoning Prevention Fee

Property Tax Programs

County Assessment Standards Program
 Private Railroad Car Tax
 State-Assessed Property Program
 Timber Yield Tax

Tax Appellate Programs

Bank and Corporation Tax Law
 Personal Income Tax
 Homeowner and Renter Property Tax Assistance Law
 Publicly Owned Property Assessment Review Program
 Taxpayers' Bill of Rights Law

A foldout chart inside the back cover of this report lists revenues and other comparative information for revenue-producing tax and fee programs administered by the Board.

History

In 1879, a constitutional amendment created the Board and charged it with responsibility for ensuring statewide equality and uniformity in county property tax assessment practices. As the state's need for revenues to support programs, infrastructure, and services grew, the agency assumed a broader role.

In 1911, a voter-approved constitutional amendment directed the Board to levy four new taxes, including insurance and corporation franchise taxes. In 1933, the Great Depression caused a tremendous drop in property tax revenues, which in turn led to the most significant change in the Board's duties—the creation of the sales tax. Shortly afterward, in 1935, the use tax was established to protect California businesses from

tax-free, out-of-state competition. Since that time the Board has been given the responsibility for administering a number of additional business and property taxes and fees. More details of Board history are found in the Appendix.

Governance



The Board's five Members, who serve concurrent four-year terms, constitute the nation's only elected tax commission. One Member is elected from each of California's four Equalization Districts. The State Controller, elected at large, serves as the Board's fifth Member. The current Members of the Board were elected in November 2002 and began their terms in January 2003. For Member biographies, see [page 7](#).

The Board's executive director, appointed by the Board Members, directs approximately 3,500 agency employees, who carry out the Board's mission, goals, and directives.

Board Responsibilities

The primary responsibilities of the Board are to

- Adopt rules and regulations clarifying the laws it administers.
- Act as an appellate body for the review of property, business, and income tax determinations.
- Administer agency programs.
- Determine the assessed value of railroads and specified privately-held public utilities, including gas, electric, and telephone companies.
- Oversee the property tax assessment practices of county assessors.

In carrying out these responsibilities, the Board

- Serves as the appellate body for final actions by the Franchise Tax Board involving the state's Bank and Corporation Franchise Tax, the Personal Income Tax, and the Homeowner and Renter Property Tax Assistance Laws.
- Prescribes the state's property tax regulations and issues advice to guide property taxpayers, county assessors, and county assessment appeals boards.
- Considers appeals from taxpayers regarding sales and use taxes, excise taxes, fuel taxes and fees, environmental fees, insurance tax, and state-assessed property values.

- Considers appeals from local governments of assessments made by county assessors on lands, water rights, and certain improvements on properties owned by the local governments but located outside their boundaries.
- Develops and adopts capitalization rates to be used in valuing state-assessed utilities.
- Classifies unitary and nonunitary properties of public utilities and determines the property values of each assessee for local property taxation.
- Oversees revenue collection and program operations for fuel tax, excise tax, and environmental fee programs administered in cooperation with other state agencies.
- Fixes the 911 emergency telephone users surcharge rate determined by the state Department of General Services.
- Studies the operations of individual county assessor offices to determine their effectiveness.
- Prescribes property tax forms and publishes handbooks for county assessors' use.
- Publishes a *Business Taxes Law Guide* and advisory tax publications to help businesses comply with tax law requirements.
- Publishes a *Property Taxes Law Guide* and advisory tax publications for use by county officials and taxpayers.

Meetings

Public Board meetings offer taxpayers the opportunity to participate in the formulation of rules and regulations adopted by the Board and to observe the Members as they carry out their official duties. Meetings are held throughout the year, usually two to three weeks apart. The Board meets monthly in Sacramento and as necessary in other California cities. In 2003-04, the Board met in Sacramento and Culver City.

The Board also holds special Taxpayers' Bill of Rights hearings each year that allow taxpayers to make comments and suggestions regarding Board-administered laws and programs. For information regarding the 2003 hearings and related agency actions, please see [page 53](#).

Board Members



DISTRICT 1
Carole Migden

Carole Migden, Chairwoman of the Board of Equalization, was elected to represent the First Equalization District in November 2002 and was California's only female constitutional officer in 2003-04. Prior to her election to the Board, Chairwoman Migden served in the California State Assembly and on the San Francisco Board of Supervisors. In 1997, *California Journal* named Chairwoman Migden among California's power elite of women elected officials. She was the first woman and first freshman legislator to chair the Assembly Committee on Appropriations and serve on the state's Joint Budget Conference Committee. Chairwoman Migden has earned awards including *California Journal's* Rookie of the Year (1998), California National Organization for Women's Legislator of the Year (2001), California Alliance for Pride and Equality's CAPE Crusader Award (2001, 2002) and the Non-Profit Housing Association of Northern California's Affordable Housing Leadership Award (2000). She headed the San Francisco Democratic Party for eight years and currently serves as an elected member of the Democratic National Committee.



DISTRICT 2
Bill Leonard

Bill Leonard was elected to the Board in November 2002 when he garnered more than one million votes. He served in the State Assembly from 1978-1988 and again from 1996-2002. In 1997-1998 he was the Assembly Republican Leader. He served in the State Senate from 1988-1996 and was chairman of the Senate Republican Caucus. As a legislator, Bill was known as an advocate for fiscal responsibility, family values, and quality public education. He was also recognized for his efforts to improve the job and business climate in California by lowering taxes, reducing unnecessary regulation, and providing incentives for job creation and business expansion. Bill earned a B.A. in U.S. History from U.C. Irvine and had a career in real estate and property management before his election to public office. He and his wife Sherry enjoy golfing, skiing, hiking, scuba diving, and boating. Their family includes son Tim, his wife Mona, and their daughter Katie; son Michael and his wife Vicki; and son Jacob.

Board Members



DISTRICT 3
Claude Parrish

Claude Parrish served as Chairman of the Board in 2001. He represents Imperial, Orange, Riverside, and San Diego Counties, and a portion of Los Angeles and San Bernardino Counties. Claude's vote to exempt Scholastic Book Club's redemption program from sales tax rescued a valuable resource for California's teachers. While Chairman of the Board's Customer Service Committee, Claude implemented a new toll-free telephone line to help answer questions from tax practitioners. To prevent the collection of decades-old parking tickets through tax withholding, Claude sponsored legislation establishing a three-year statute of limitations on parking tickets. Claude has held positions in management, finance, and the securities industry. He holds a degree in accounting and graduated from college summa cum laude. Claude has served as a Los Angeles County Insurance Commissioner as well as treasurer of the Los Angeles County Republican Party. He was recognized by the *Wall Street Journal* as one of California's leading young business executives.



DISTRICT 4
John Chiang

John Chiang, Member of the Board of Equalization since 1999, provides groundbreaking leadership in educating and assisting taxpayers. In the legislative arena, he has successfully sponsored more legislative proposals than any Member in the Board's 125-year history. His initiatives have produced tax relief for innocent spouses and those medically unable to manage their own affairs, expanded property tax exemptions and appeals for nonprofit organizations, and promoted greater use of electronic tax filing. As a partner in the community's financial success, John initiates seminars to strengthen businesses and nonprofit organizations and held the first Board of Equalization conference on the underground economy. His office has pioneered direct taxpayer services by providing free income tax and homeowner and renter assistance claim preparation to hundreds of individuals, senior citizens, and people with disabilities. John graduated from Georgetown University Law Center after earning an honors degree in finance from the University of South Florida.

Board Members



STATE CONTROLLER
Steve Westly

Steve Westly, California's 29th Controller, was elected in November 2002. As Controller, he serves on more than 50 policy-making boards and commissions, including CalPERS and CalSTRS, and as chair of the Franchise Tax Board. Westly has more than 20 years of experience in business, government, and education. In the private sector, he guided the online auction company eBay through a period of rapid growth, serving as a senior vice president of marketing, business development, mergers and acquisitions, and international operations. Before joining the Internet company, Westly served for five years on the faculty of Stanford University's Graduate School of Business, teaching public management. He has also worked on Capitol Hill and for the U.S. Department of Energy. Westly holds B.A. and M.B.A. degrees from Stanford. His family includes wife Anita Yu and their two children. The couple created the Steve and Anita Westly Foundation, a charitable organization focused on education, health care, and the environment.